



# **Risk Management**





## Department Description

The Risk Management Department manages the City's self-insured Workers' Compensation Programs; coordinates public liability and loss control measures intended to forecast and reduce the City's exposure to risks; administers employee health and safety programs, employee benefits contracts, and programs including employee savings plans, the Long-Term Disability Plan, and the Employee Assistance Program (EAP).

The Department's mission is:

*To effectively prevent, control, and minimize the City's financial risk while providing optimum services to the City's employees and the public through the centralized administration of healthcare, safety, loss control, employee benefit, and other risk management programs*

## Goals and Objectives

The following goals and objectives represent the action plan for the Department.

### ***Goal 1: Maintain good stewardship over City finances***

In order for the City to operate in the most efficient and effective manner possible, the Department must serve as a good steward of the City's finances. It must promote cost effective strategies and continue to improve accountability within the Department. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Meet reserve policy targets
- Deliver services in a cost-effective manner

### ***Goal 2: Reduce risk and loss exposure***

In the past, the City focused on reacting to issues that arose. It is the Department's goal to reduce risk and loss exposure and create a more proactive culture within the City. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Promote and encourage behaviors that minimize loss
- Promote the importance of employee safety
- Identify and monitor loss metrics

# Risk Management

## Service Efforts and Accomplishments

As a result of recent internal reviews and external operational assessments and rapidly rising workers' compensation costs, Risk Management developed an optimization plan. This plan continues to increase all City departments' awareness of the areas where losses are occurring and where resources should be applied to reduce the volume and subsequent costs of incidents. The Safety and Environmental Health Division is working with City departments to develop aggressive, prevention-oriented programs intended to increase safety awareness and accountability while lowering injury rates and costs. The Workers' Compensation Division has implemented best practices for claims administration, including a Medical Provider Network for the optimal treatment of the City's injured workforce.

## Budget Dollars at Work: Performance Expectations

### Goal 1: Maintain good stewardship over City finances

Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
1. Reserve balances in millions (and percentage of reserve goals) at the beginning and ending of fiscal year for Long Term Disability	\$3.0 / 30%	\$3.0 / 30%	\$5.3 / 40%
2. Reserve balances in millions (and percentage of reserve goals) at the beginning and ending of fiscal year for Public Liability	\$0 / 0%	\$0 / 0%	\$11.4 / 20%
3. Reserve balances in millions (and percentage of reserve goals) at the beginning and ending of fiscal year for Workers' Compensation	\$19.3 / 20%	\$19.5 / 20%	\$24.1 / 30%
4. Percent increase/decrease of largest HMO healthcare premiums from prior year relative to industry trend	Industry trend: 11% increase	9.5% increase	7.4% increase
5. Ratio of workers' compensation claims by claim representative compared to industry standards	Industry Standard: 150%	City: 159%	City: 159%
6. Ratio of public liability claims by claim representative compared to industry standards	Industry Standard: 140%	City: 155%	City: 184%

### Goal 2: Reduce risk and loss exposure

Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
1. Percent of investigations resulting in Occupational Safety and Health Administration (OSHA) citations	50%	0%	0%
2. Percent of safety audits (conducted in departments with the largest workers compensation exposure) found to have implemented best practices for employee safety	86%	N/A <sup>1</sup>	100%
3. Percent increase/decrease of average 'Recordable Injury Incident Rate' (injuries requiring medical attention beyond first aid) as compared to prior year for the seven largest departments <sup>2</sup>	11% decrease	5% increase	10% decrease
4. Percent increase/decrease of average 'Lost/Rest Rate' (accident cases per 100 full time employees) as compared to prior year for the seven largest departments	24% decrease	11% increase	10% decrease
5. Percent increase/decrease of 'Lost Days' (lost days as a	10% decrease	12% decrease	10% decrease

<sup>1</sup> Data available in October 2008

<sup>2</sup> The seven largest departments are: Police, Fire-Rescue, Water, Metropolitan Wastewater, Environmental Services, General Services, and Park & Recreation.

# Risk Management

Performance Measure	Baseline FY2007	Actual FY2008	Target FY2009
result of a work-related injury) as compared to prior year for the seven largest departments			
6. Percent increase/decrease of workers compensation claims compared to prior year (as an indicator of safety program effectiveness)	7% decrease	2% decrease	8% decrease
7. Number of quarterly Safety Performance Reports that include statistics for the seven largest departments on preventable vehicle accidents (as a first step to initiating a campaign to reduce preventable vehicle accidents)	N/A	N/A	4
8. Percent increase/decrease of preventable accidents compared to prior year for the seven largest departments	37% increase	17% decrease	12% decrease

## Budget Dollars at Work: Sizing and Workload Data

	Actual FY2005	Actual FY2006	Actual FY2007	Actual FY2008	Target FY2009
<b>Sizing Data</b>					
Number of new employees enrolled in the City's benefit programs	511	487	479	574	N/A <sup>3</sup>
Number of health care programs provided	21	21	21	13	8
<b>Workload Data</b>					
Number of prevention-oriented training sessions provided by Risk Management	27	25	22	37	22
Number of safety audits completed	7	7	7	7	7
Number of public liability claims managed	3,026	2,375	2,278	2,482	N/A <sup>2</sup>
Number of workers' compensation claims managed	3,863	3,723	3,878	3,879	N/A <sup>2</sup>
Number of benefit changes processed by Risk Management	2,617	2,968	2,264	1,932	N/A <sup>2</sup>
Number of new requests for EAP consultations	323	344	271	272	N/A <sup>2</sup>
Number of EAP training sessions (sponsor or participant)	30	32	28	41	28

<sup>3</sup> Cannot accurately set target for data



# Risk Management

## Department Summary

Risk Management				
	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 FINAL	FY 2008-2009 CHANGE
Positions	58.25	84.25	82.75	(1.50)
Personnel Expense	\$ 4,972,698	\$ 7,397,451	\$ 7,139,753	\$ (257,698)
Non-Personnel Expense	\$ 4,995,587	\$ 1,676,483	\$ 1,728,357	\$ 51,874
TOTAL	\$ 9,968,285	\$ 9,073,934	\$ 8,868,110	\$ (205,824)

## Department Staffing

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 FINAL
<b>RISK MANAGEMENT ADMINISTRATION</b>			
<b>Risk Management</b>			
Administration	7.50	7.00	7.00
Employee Benefits	0.00	17.00	17.00
Public Liability & Loss Recvry	17.00	17.00	17.00
Safety & Environmental Health	0.00	9.00	9.00
Workers' Compensation	33.75	34.25	32.75
<b>Total</b>	<b>58.25</b>	<b>84.25</b>	<b>82.75</b>

## Department Expenditures

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 FINAL
<b>RISK MANAGEMENT ADMINISTRATION</b>			
<b>Risk Management</b>			
Administration	\$ 4,647,571	\$ 910,114	\$ 906,128
Employee Benefits	\$ 2	\$ 1,377,026	\$ 1,584,343
Public Liability & Loss Recvry	\$ 1,831,563	\$ 1,907,775	\$ 1,737,571
Risk Management	\$ (114,055)	\$ 25,043	\$ (163,072)
Safety & Environmental Health	\$ -	\$ 869,972	\$ 934,157
Workers' Compensation	\$ 3,603,204	\$ 3,984,004	\$ 3,868,983
<b>Total</b>	<b>\$ 9,968,285</b>	<b>\$ 9,073,934</b>	<b>\$ 8,868,110</b>

# Risk Management

## Significant Budget Adjustments

### RISK MANAGEMENT ADMINISTRATION

Risk Management	Positions	Cost	Revenue
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2008 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and other benefit compensation.	0.00 \$	81,390 \$	0
<b>Consultant Services Increase</b> Additional funding for consulting services for the Supplemental Pension Savings Plan (SPSP) and the 457-Management Plan.	0.00 \$	105,000 \$	0
<b>Funding for the Enterprise Resource Planning (ERP) Limited Positions</b> Addition of 1.00 limited Clerical Assistant II and associated revenue to backfill an FTE position assigned to the Enterprise Resource Planning (ERP) project implementation.	1.00 \$	58,336 \$	58,803
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2009 revenue projections.	0.00 \$	0 \$	(2,533,649)
<b>Support for Information Technology</b> Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00 \$	(6,536) \$	0
<b>Non-Discretionary</b> Adjustments to expense allocations that are determined outside of the Department's direct control. These adjustments are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00 \$	(13,735) \$	0
<b>Removal of the Funding for the Enterprise Resources Planning (ERP) System</b> Removal of the City's ERP system allocation established in the Fiscal Year 2008 Annual Budget and Fiscal Year 2009 Proposed Budget due to the utilization of alternative funding.	0.00 \$	(32,855) \$	0
<b>Vacancy Savings</b> Adjustments to personnel expenses to reflect the anticipated savings resulting from positions projected to be vacant for any period of the fiscal year due to personnel transition and salary differentials for new employees.	0.00 \$	(163,072) \$	0
<b>Savings from the Five-Year Financial Outlook</b> Adjustments to personnel and non-personnel expenses, and revenue as a result of budget reductions discussed in the City's Five-Year Financial Outlook. These reductions are further described in Volume 1: Budget Overview and Schedules.	(2.50) \$	(234,352) \$	0



# Risk Management

## Expenditures by Category

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 FINAL
<b>PERSONNEL</b>			
Salaries & Wages	\$ 3,316,041	\$ 4,765,050	\$ <b>4,634,618</b>
Fringe Benefits	\$ 1,656,657	\$ 2,632,401	\$ <b>2,505,135</b>
<b>SUBTOTAL PERSONNEL</b>	\$ 4,972,698	\$ 7,397,451	\$ <b>7,139,753</b>
<b>NON-PERSONNEL</b>			
Supplies & Services	\$ 4,192,845	\$ 747,793	\$ <b>867,728</b>
Information Technology	\$ 774,860	\$ 879,766	\$ <b>809,557</b>
Energy/Utilities	\$ 23,882	\$ 41,022	\$ <b>43,170</b>
Equipment Outlay	\$ 4,000	\$ 7,902	\$ <b>7,902</b>
<b>SUBTOTAL NON-PERSONNEL</b>	\$ 4,995,587	\$ 1,676,483	\$ <b>1,728,357</b>
<b>TOTAL</b>	\$ 9,968,285	\$ 9,073,934	\$ <b>8,868,110</b>

## Salary Schedule

### RISK MANAGEMENT ADMINISTRATION

#### Risk Management

<i>Class</i>	<i>Position Title</i>	<i>FY 2008 Positions</i>	<i>FY 2009 Positions</i>	<i>Salary</i>	<i>Total</i>
1105	Administrative Aide I	0.50	<b>0.50</b>	\$ 43,820	\$ 21,910
1218	Assoc Management Analyst	1.00	<b>1.00</b>	\$ 64,335	\$ 64,335
1256	Benefits Representative II	9.00	<b>9.00</b>	\$ 39,397	\$ 354,573
1340	Claims Aide	9.50	<b>9.00</b>	\$ 43,781	\$ 394,026
1341	Claims Clerk	12.75	<b>12.75</b>	\$ 36,893	\$ 470,390
1343	Claims Representative II	18.50	<b>18.50</b>	\$ 63,651	\$ 1,177,541
1348	Info Systems Analyst II	1.00	<b>0.00</b>	\$ -	\$ -
1349	Info Systems Analyst III	1.00	<b>1.00</b>	\$ 71,601	\$ 71,601
1391	Supv Claims Representative	4.00	<b>4.00</b>	\$ 77,578	\$ 310,312
1406	Employee Assistance Counselor	1.00	<b>1.00</b>	\$ 62,461	\$ 62,461
1407	Employee Benefits Specialist II	1.00	<b>0.00</b>	\$ -	\$ -
1417	Employee Benefits Specialist I	2.00	<b>2.00</b>	\$ 53,812	\$ 107,624
1429	Employee Assistance Program Manager	1.00	<b>1.00</b>	\$ 80,525	\$ 80,525
1535	Clerical Assistant II	3.00	<b>4.00</b>	\$ 35,402	\$ 141,608
1811	Rehabilitation Coordinator	1.00	<b>1.00</b>	\$ 70,130	\$ 70,130
1816	Claims & Insurance Manager	3.00	<b>3.00</b>	\$ 85,907	\$ 257,721
1823	Safety Officer	2.00	<b>2.00</b>	\$ 70,176	\$ 140,352
1826	Safety Representative II	4.00	<b>4.00</b>	\$ 60,959	\$ 243,834
1876	Executive Secretary	1.00	<b>1.00</b>	\$ 52,009	\$ 52,009
1879	Sr Clerk/Typist	1.00	<b>1.00</b>	\$ 43,313	\$ 43,313
1917	Supv Management Analyst	1.00	<b>1.00</b>	\$ 80,127	\$ 80,127
1937	Sr Claims Representative	3.00	<b>3.00</b>	\$ 69,860	\$ 209,581
1972	Safety & Training Manager	1.00	<b>1.00</b>	\$ 79,948	\$ 79,948
2157	Risk Management Director	1.00	<b>1.00</b>	\$ 134,252	\$ 134,252
2214	Deputy Director	1.00	<b>1.00</b>	\$ 117,000	\$ 117,000

# Risk Management

## Salary Schedule

### RISK MANAGEMENT ADMINISTRATION

#### Risk Management

<i>Class</i>	<i>Position Title</i>	<i>FY 2008 Positions</i>	<i>FY 2009 Positions</i>	<i>Salary</i>	<i>Total</i>
	Vacancy Factor Adjustment	0.00	<b>0.00</b>	\$ -	\$ (140,555)
	Ex Perf Pay-Classified	0.00	<b>0.00</b>	\$ -	\$ 4,224
	Temporary Help	0.00	<b>0.00</b>	\$ -	\$ 85,776
	<b>Total</b>	84.25	<b>82.75</b>	\$	<b>4,634,618</b>
<b>RISK MANAGEMENT TOTAL</b>		84.25	<b>82.75</b>	\$	<b>4,634,618</b>

# Risk Management

## Revenue and Expense Statement (Non-General Fund)

### RISK MANAGEMENT ADMINISTRATION 50061

	FY 2007* BUDGET	FY 2008* BUDGET	FY 2009 FINAL
<b>BEGINNING BALANCE AND RESERVE</b>			
Balance from Prior Year	\$ -	\$ -	\$ 2,269,022
<b>TOTAL BALANCE</b>	\$ -	\$ -	\$ 2,269,022
<b>REVENUE</b>			
City Contributions - General Fund	\$ 7,666,630	\$ 6,043,385	\$ 4,645,385
City Contributions - Other Funds	\$ 3,949,476	\$ 3,030,549	\$ 1,953,703
Services Rendered to Others	\$ 522,056	\$ -	\$ -
<b>TOTAL REVENUE</b>	\$ 12,138,162	\$ 9,073,934	\$ 6,599,088
<b>TOTAL BALANCE AND REVENUE</b>	\$ 12,138,162	\$ 9,073,934	\$ 8,868,110
<b>OPERATING EXPENSE</b>			
Operating Expenses	\$ 6,257,451	\$ 9,073,934	\$ 8,868,110
Transfer to Other Funds	\$ 5,693,854	\$ -	\$ -
<b>TOTAL OPERATING EXPENSE</b>	\$ 11,951,305	\$ 9,073,934	\$ 8,868,110
<b>TOTAL EXPENSE</b>	\$ 11,951,305	\$ 9,073,934	\$ 8,868,110
<b>BALANCE</b>	\$ 186,857	\$ -	\$ -
<b>TOTAL EXPENSE, RESERVE AND BALANCE</b>	\$ 12,138,162	\$ 9,073,934	\$ 8,868,110

\* At the time of publication audited financial statements for Fiscal Year 2007 were not available. Therefore, the Fiscal Years 2007 and 2008 columns reflect final budget amounts from the Fiscal Year 2007 and 2008 Annual Budgets. As such, balances and reserves do not reflect carryover from the previous fiscal year.

